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# **Institutional aspects of economic integration – economic integration and political integration**

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## **Institutional aspects of economic integration – economic integration and political integration**

**Abstract:** *Economic integration is defined as the elimination of economic borders between two or more savings. In turn, an economic border demarcation over which any actual or potential mobility of goods, services and factors of production and communication flows, is relatively low. On both sides of a frontier economy, pricing and quality of goods, services and factors are only marginally influenced by flows across borders.*

There is no a priori reason to assume that economic boundaries coincide with territorial borders: the borders are demarcated territorial border and economic savings. Thus, if the economy continues boundaries between different communities, local economies do not always compose a regional economy. Similarly, the economic borders between regions can hinder national economic integration. European economic integration is guided by efforts to reduce or eliminate the role of public economic frontiers of territorial borders with European neighbors. As experience has already demonstrated, this is a necessary but not sufficient to European integration. The divides within and between national economies may exist, possibly because of natural barriers (eg mountains, large) whose costs were not sufficiently reduced by measures related to infrastructure and transport and the large disparities in the level of development, times because of anticompetitive activity in a region or country. Even discrepancies with regard to the availability, speed and quality of information can sometimes function as economic frontier.

Parenthetically that if the trends hold, we find the request of France more or less imperative to leave the Schengen Agreement as a result of the attacks in London in early July 2005. In this case, one can say that the place is that disintegration and the risk of such events would be the fruit of deeper European integration. I believe that the analysis should rather towards the sources of conflict and to discover the causes production of unwanted events like those in London.

Turning to economic integration, its importance lies in increasing the actual or potential competition. In terms of region or country, this competition is driven by both market players from other regions of the country (for interregional integration) or a group of countries (eg in the European Community) and of its participants, who get beyond the traditional economy.

Competition between market participants leads to lower prices for similar goods or services to a wider variety of quality and a greater diversity of supply in the area that integrates and a general impetus to change. Design your products, methods of service delivery systems of production and distribution, and many other issues are or can be put in doubt. They can cause changes in orientation and intensity of innovation, and in the manner of work. However, the economic out also competition of national or regional governments, with interesting consequences.

It is true that economic integration implies, first, market integration, but that foreshadow and potency while economic integration is political integration, without this, there is not economic or remaining only at the stage of customs union, although we then see that there is a chasm between economic and political, at European level. When prevailing modest ambitions, the policy of economic integration remains generally internal, except the formation of coalitions and classical intergovernmental negotiations.

Highest ambition of economic integration tend to be embedded or the result of processes of political integration.

Analyzing the prospects for international order, F. von Hayek highlights the difficulties faced by international economic system, with particular emphasis on the obvious contradiction between planning and economic freedom. "To you imagine - said Hayek - that the economic life of a broad geographical areas, covering many different people can be led or planned by democratic procedure, betraying a lack of knowledge of problems that would raise such a planning. Planning on an international scale, even more than national, can not represent something other than brute force over a small group that requires that all other type of living and level of employment which the planners you reckon for the rest of the nation ".... "A leadership over economic life of people with ideals and values highly divergent means you take responsibility you undertake to use force, is to take a position in which the best intentions can not prevent being forced to act in a way that some of those affected must appear as unduly nasty. "

Hayek believes that the difficulties outlined above can not be resolved only by conferring various international "only" certain special economic powers. Any trader for international is not subject to a higher political powers, even those strictly limited to certain fields, "may exercise the most cruel and irresponsible power unimaginable. Powers which would require such for more than a negative \* he must above all be able to say NO to all kinds of restrictive measures which they refer.

"We need - and we hope to achieve - Hayek say - more power, not in the hands of irresponsible international economic forums, but by a superior political power that can quench the economic and the conflict between they can really keep balance in the balance, because it itself is not mixed in the economic game. Is needed for an international policy which, without the power to manage the different peoples, indicating that they should be able to retain the shares they will harm others. "

For new international political and not only will transfer a minimum of power, characteristic *laissez-faire* state map, without which it will be impossible to maintain peaceful relations. These powers of the international forum should be strictly circumscribed by the rule of law.

Supremacy of international law must satisfy a dual requirement, on the one hand, be a guarantee against the tyranny of the individual state, and, secondly, to provide a guarantee against tyranny supermembers on the new national communities. One such model for international governance, and identified by Hayek, in certain strictly defined powers are transferred to the central level, while for other areas in the country remains accountable for its actions, is the federation.

Used Smart - Hayek argued - federalist model of organization may prove in the future as the best solution for some of the most difficult problems of the world. The risk of major investment for an International also can be excessive with all tasks that appear to be necessary in his hand, and finally he can not meet adequately. Moreover, it should not credentials idea that such authority could supermembers, by its own forces, and in short intervals of time, to prevent the outbreak of war in any part of the world. Turning to the relationship between economic and political, that may differ from case to case. Clearly, the economic inter-regional within a country implies a close correlation between economic integration and national policy. However, the southern United States after the Civil War (1861-1865), remained poorly integrated into American economy for about 80-90 years. Similarly, the Mezzogiorno (Italy, south of Naples) was unable to integrate economically long after the end of the political unific

can say that the processes of economic and political integration in the European Union have been linked from the outset. In addition to historical reasons, the perceived threat of communism, coupled with the Cold War, played a major role in mixing politics with the economy. Efforts to build a union in Western Europe were numerous, and several attempts before the EEC Treaty in 1957 were in predominantly political. Thus, the European Coal and Steel Community was established in 1951 following a dramatic appeal in May 1950 the French Foreign Minister Robert Schumann to make a supranational two essential sectors for the military of the time-coal and steel -- to prevent a new war between France and Germany. Consequently, European security was the main aim of the ECSC, and the only sector of the market. In 1952 -1953 was presented, for example, the French-and close-supported proposals for European Union policy and the European Defense Community. Treaty C.E.E. 1957 contains signs of the desire for political integration, since the preamble is committed to support "a union of the increasingly close link between the peoples of Europe".

There is little doubt about the fact that the implicit desire to pursue political integration through economic means specified in the Treaty of Rome was a key reason for the United Kingdom, Denmark, Norway and some neutral countries neocommunism did not take part in final negotiations EEC in 1956.

Even if these conclusions are hardly disputable, their significance for the nature and process of economic integration is unclear. Political reasons can explain the institutional configuration of the EEC original. But the further development until the end of the'80 and early'90, was almost entirely guided by the market and common economic policies of selective rather than cooperation in foreign policy or security issues or defenses. Also, key policy issues of local decision-making processes of Member States, such as employment, inflation, social security, safety or values of society were little affected by the European Community for several decades. Therefore, current practice is very difficult to track what the purpose or purposes of the policy have influenced the nature and process of economic integration in the EC. Some key decisions in the history U.E. are still impossible to explain without recourse to diffuse emotions, but persistent tracking of common policy objectives, particularly in times of crisis.

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